



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Department of Environmental Quality

Joint Appropriations Subcommittee on Agriculture,
Natural, and Economic Resources

February 28, 2017

Eric Moore and Lanier McRee

Today's Agenda

- Department Budget Overview
 - Administration and Programs in Secretary's Office
- Division Overviews
 - Mission/Programs
 - Budget Information
 - FY 2015-17 General Assembly actions

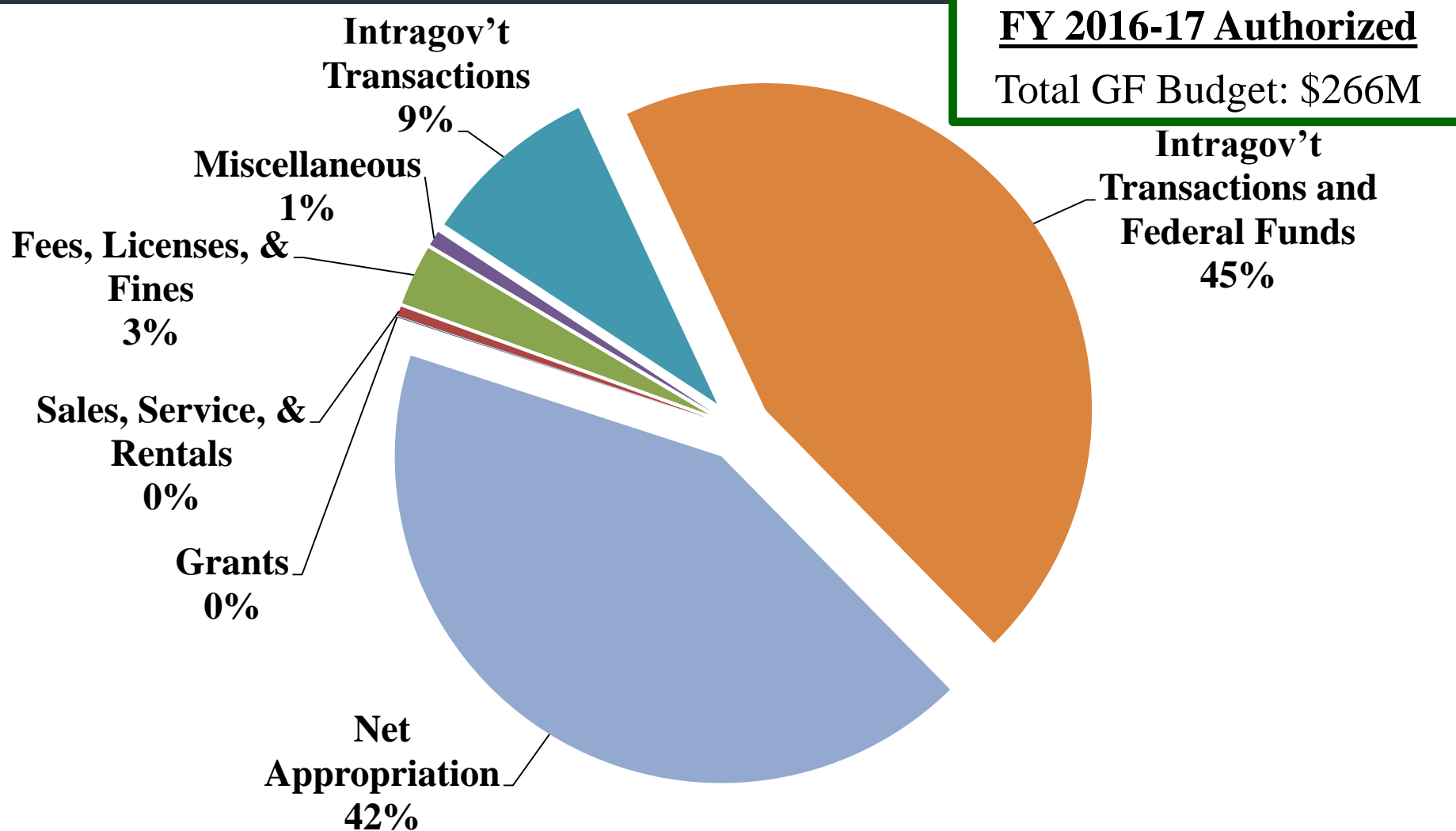


DEQ Major Functions

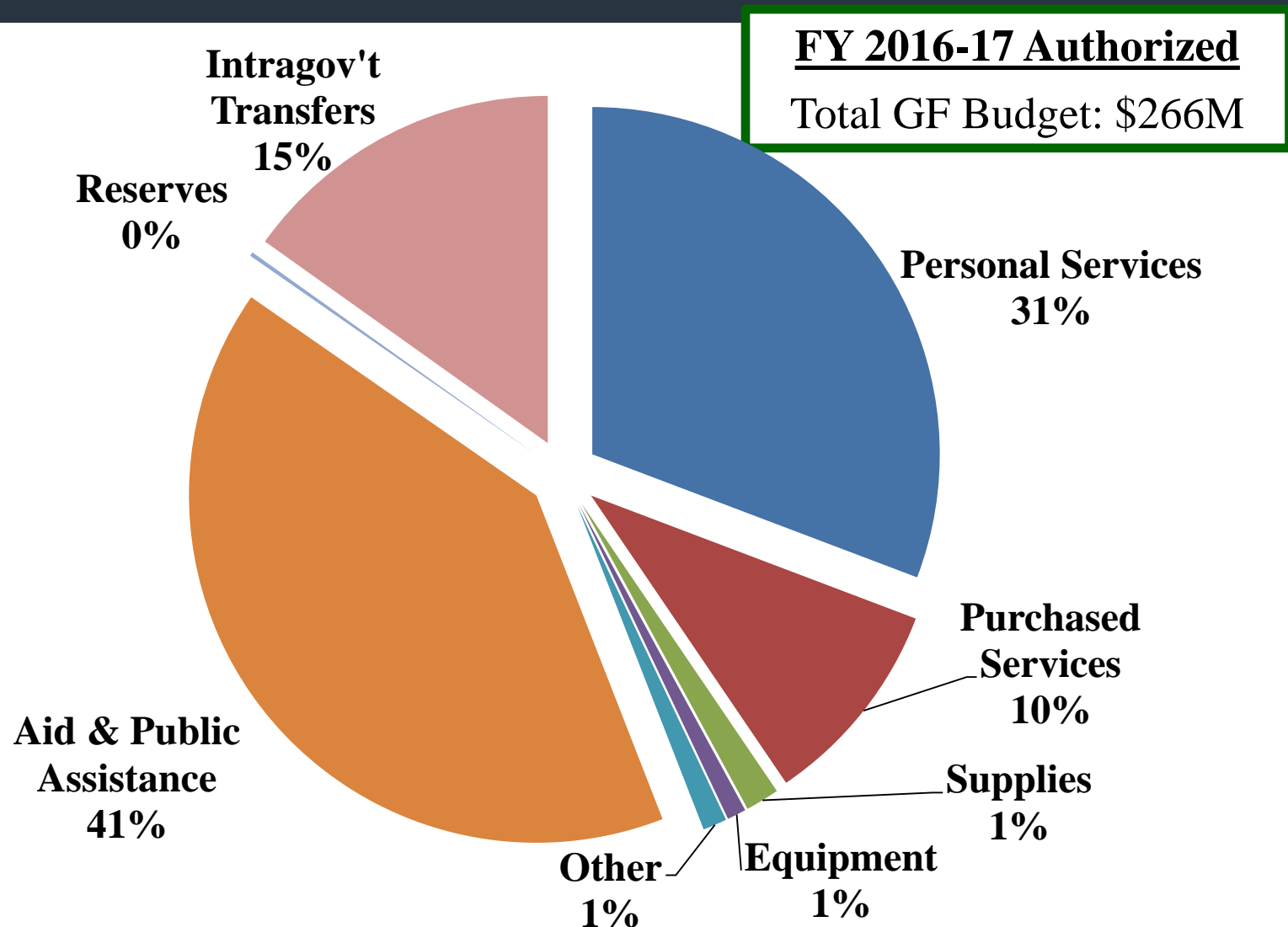
- Administration
- Environmental Protection/Regulation
 - Monitoring
 - Permitting
 - Enforcement
- Infrastructure Funding
 - Drinking Water and Wastewater



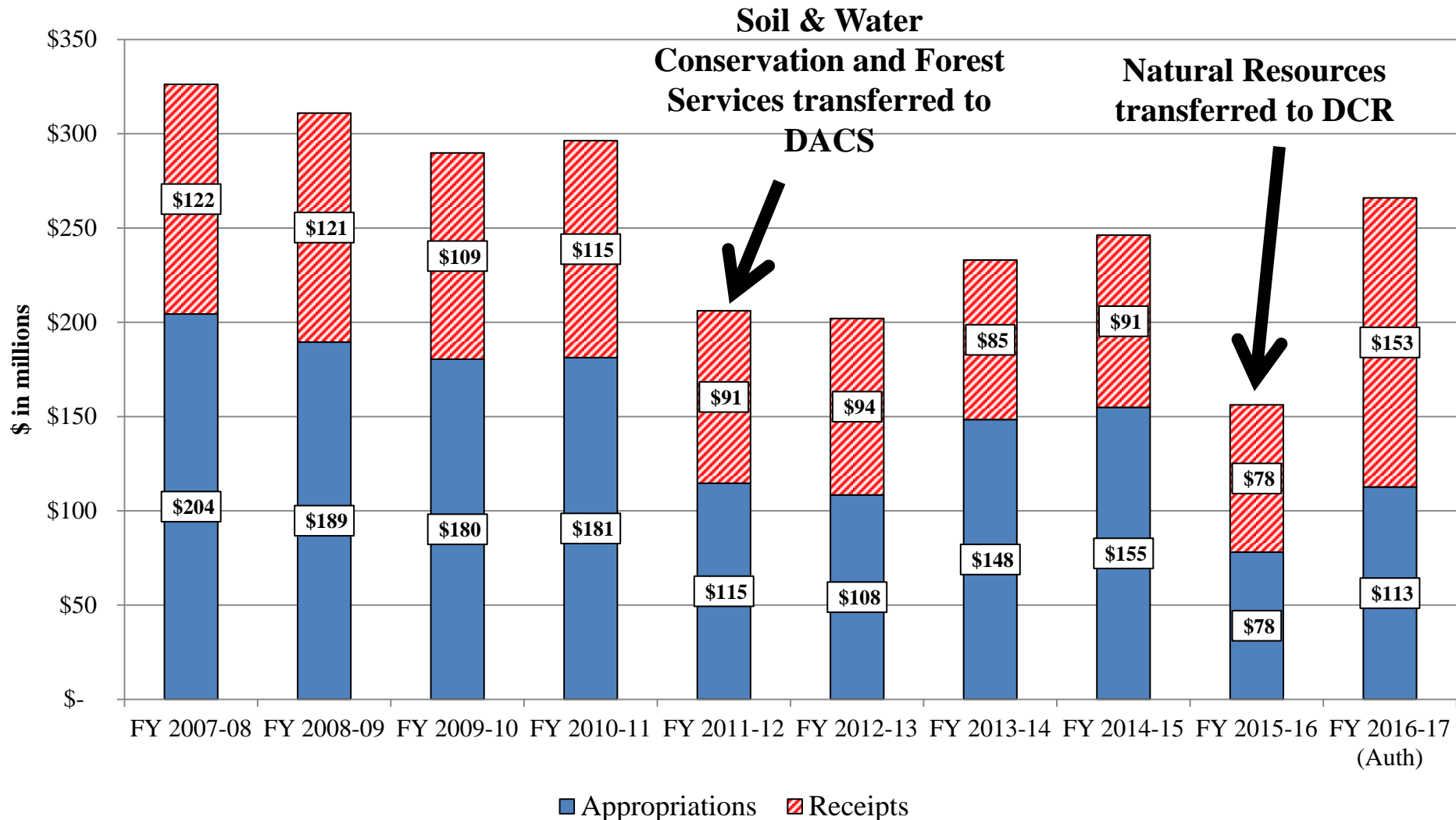
DEQ: General Fund Source of Funds



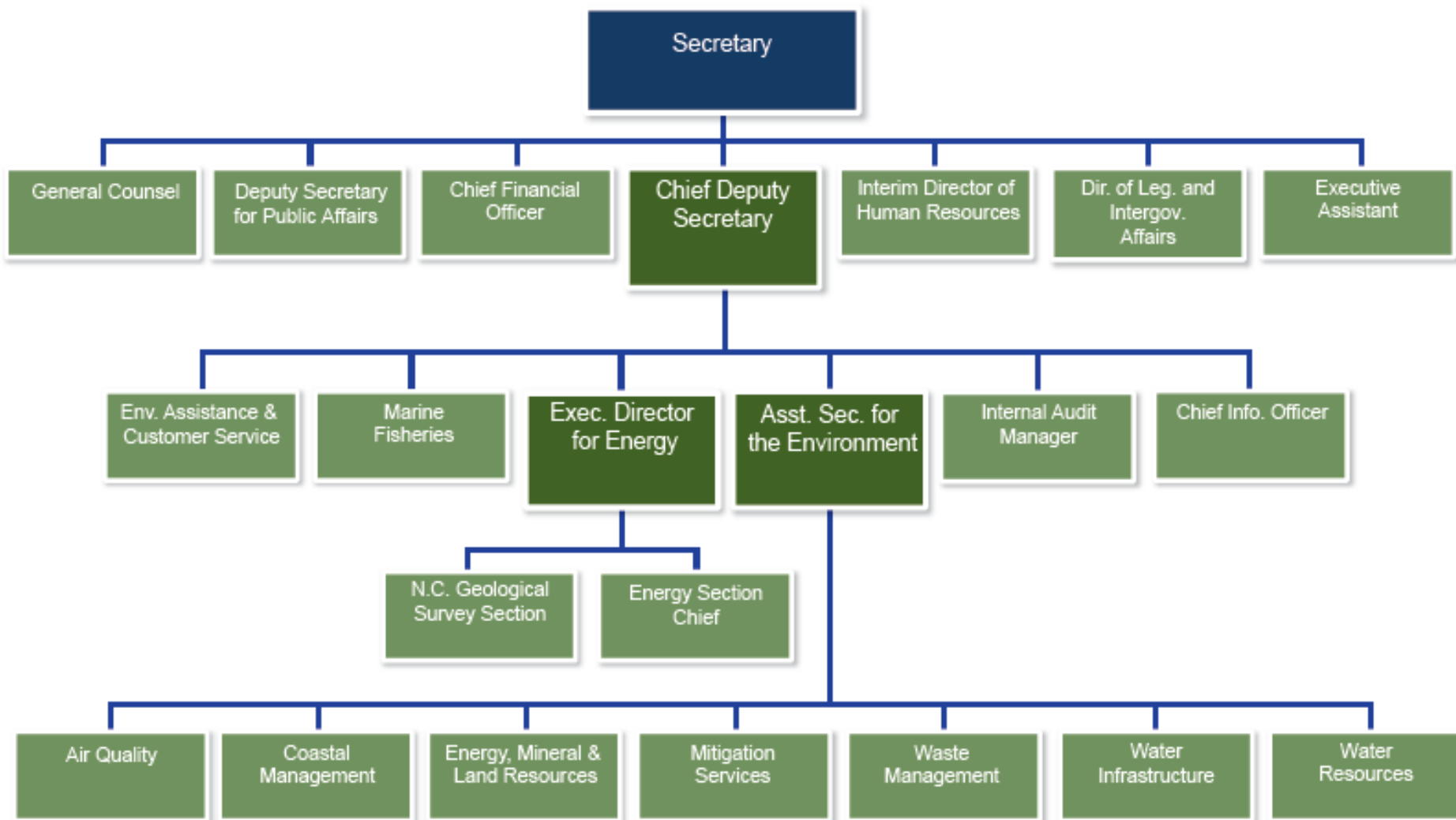
DEQ: How General Funds Are Spent



DEQ: 10-Year General Fund History



NC Department of Environmental Quality



DEQ Administration

- Executive Offices
 - General Counsel, Legislative Affairs, Policy Analysts
- Administrative Services
 - Budget & Planning, Controller, IT, Purchasing, HR
- Environmental Education & Public Affairs
 - Outreach and public information
- Coal Ash
- Reserves & Transfers
 - Transfers to special funds

68.45FTE

2017-18 Base Budget

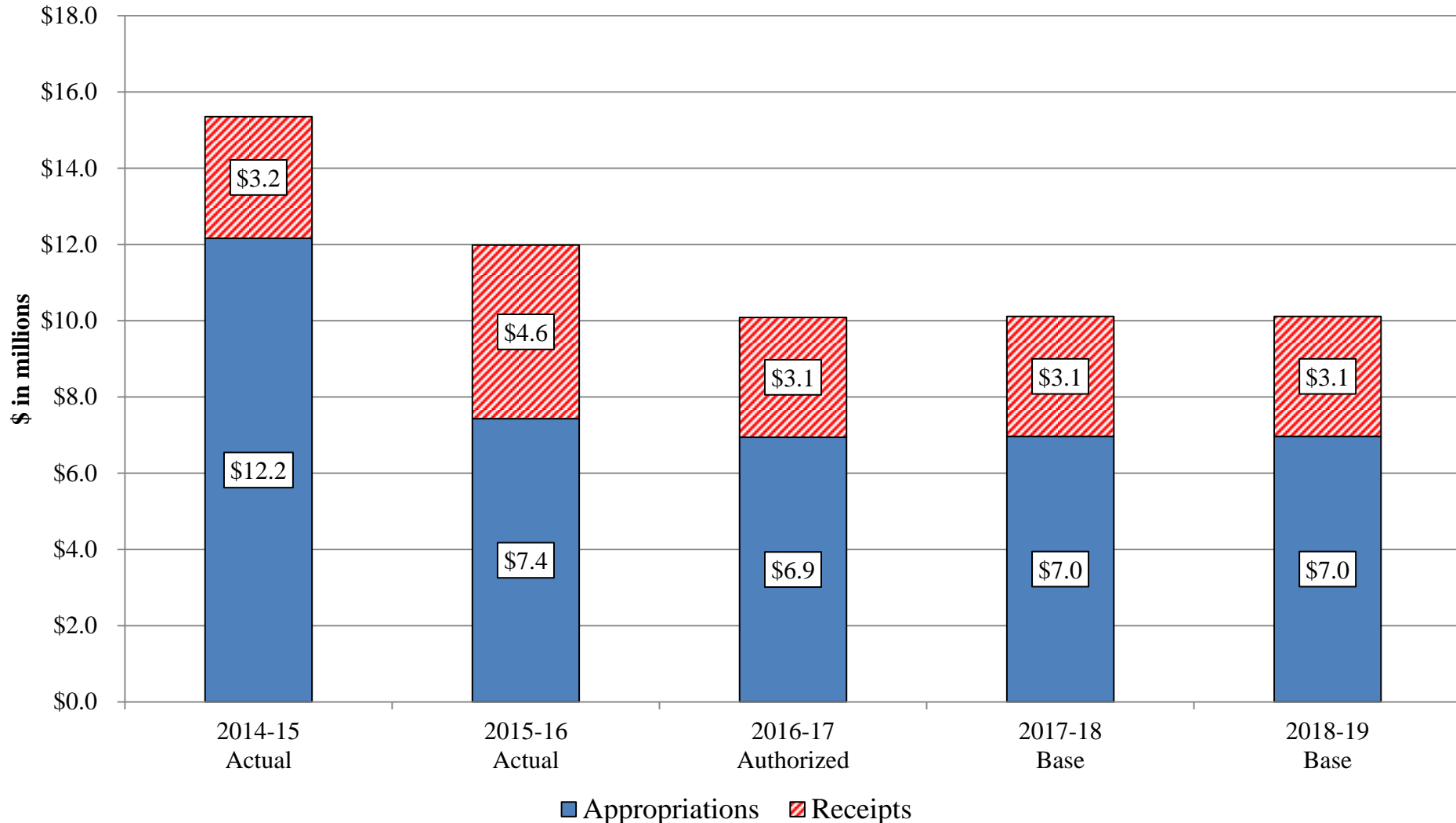
Expenditures: \$ 10.1 M

Receipts: \$ 3.1 M

Net Approp.: \$ 7.0 M



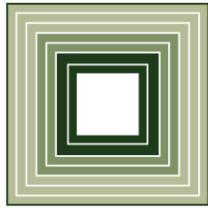
Admin: 5-Year Expenditure



Admin: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Department-wide reductions to contracts, rentals, travel, postage, and supplies = (\$1M) R
 - Operating reduction and fund shift 2 FTE = (\$285K) R
 - Elimination of 24.94 vacant FTE and transfer of 15.45 filled FTE to DNCR = (\$3.1M) R
- 2016-17 Budget
 - Department-wide reduction to salary reserve = (\$307K) R
 - Elimination of three PIO positions = (\$215K) R
 - Elimination of vacant attorney position = (\$88K) R





FISCAL RESEARCH DIVISION

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Division of Environmental Assistance and Customer Services

DEACS Mission

Mission: To protect & improve NC's environment and economy through:

- Environmental Assistance Program
- **Recycling Program**
- **Outreach Programs**

84.99 FTE

2017-18 Base Budget

Expenditures: \$ 9.4 M

Receipts: \$ 3.8 M

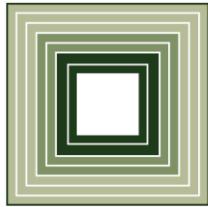
Net Approp.: \$ 5.6 M



Regional Offices



- 7 locations
- Perform the Department's duties on a local level



FISCAL RESEARCH DIVISION
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Division of Air Quality

DAQ's Mission

Mission: Work with the state's citizens to protect and improve outdoor, or ambient, air quality in North Carolina for the health, benefit and economic well-being of all.

- Monitor the level of pollutants in the air
- Permit and inspect stationary air emissions sources
- Compliance assurance activities
- Develop and implement plans to meet federal air quality standards
- Assist, educate and inform the public on air quality issues

213.80 FTE

2017-18 Base Budget

Expenditures:	\$ 23.6 M
Receipts:	\$ 23.5 M
Fund Balance:	(\$ 0.2 M)
Net Approp.:	\$ 0.0 M



Air Quality Monitoring

- Meet federal monitoring requirements
- Focus on ozone, fine particles, sulfur dioxide, nitrogen oxides, carbon monoxide, air toxics
- Collect air samples and perform scientific analysis
- Make data available to the public in near real-time via the internet

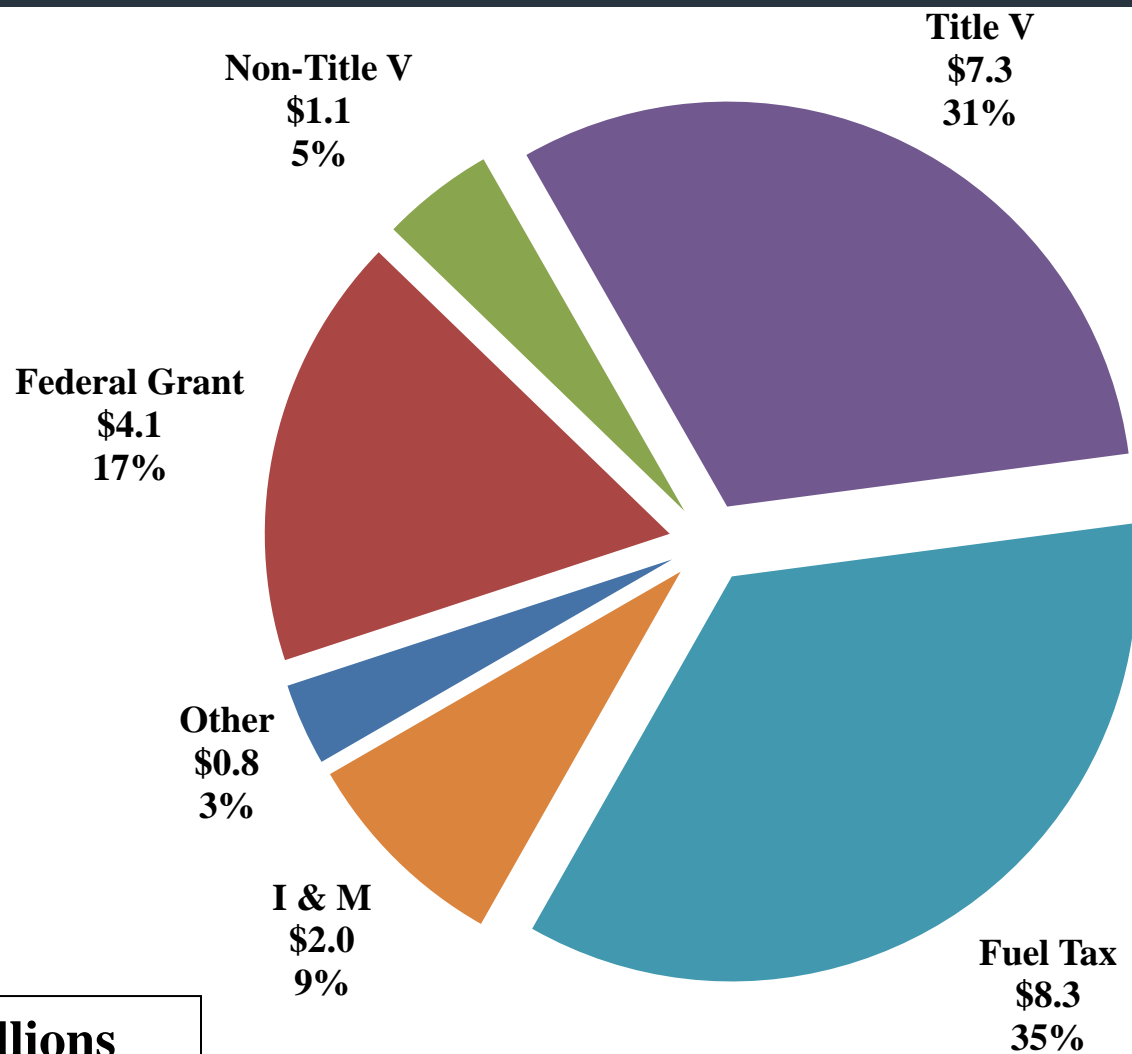


Permitting: 2 Types

- **Title V** – larger facilities
 - Federally mandated
 - 292 facilities
 - Examples: power plants, paper plants, chemical plants
 - Inspected yearly
- **Non-Title V** – smaller facilities
 - ~2500 facilities
 - Examples: asphalt plants, quarries
 - Inspected at least every 2 years



DAQ Receipt Sources



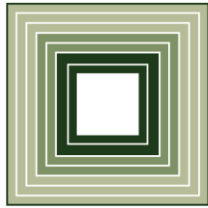
\$ in millions



DAQ: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Required Fuel Tax transfer continuation review = (\$7.3M) R, \$7.3M NR (for 2015-16)
 - Required Inspections & Maintenance fee transfer continuation review = (\$3.6M) R, \$3.1M NR (for 2015-16)
- 2016-17 Budget
 - Restored fee transfer for Inspections & Maintenance program = \$2M R
 - Restored Fuel Tax transfer = \$7.3M R
 - Reallocated motor fuel excise tax revenue between Commercial LUST and Water and Air Quality Accounts





FISCAL RESEARCH DIVISION

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Division of Energy, Mineral, and Land Resources (DEMLR)

DEMLR's Mission

- To promote the wise use and protection of North Carolina's land and geologic resources
 - Dam Safety
 - Mining
 - Erosion & Sediment Control
 - Stormwater Permitting

76.99 FTE

2017-18 Base Budget

Expenditures: \$ 7.5 M

Receipts: \$ 3.2 M

Fund Balance: (\$ 0.1 M)

Net Approp.: \$ 4.2 M



Dam Safety Program



2,262 Jurisdictional Dams

- 1,244 high hazard
- 289 intermediate hazard
- 729 low hazard

- Enforces Dam Safety Law of 1967
(GS 143-215.23 *et seq.*)
- Reviews permit applications
- Performs inspections

Erosion & Sedimentation Control Program

- Enforces Sedimentation Pollution Control Act of 1973 (GS 113A-50 *et seq.*)
- Reviews and approves erosion & sedimentation control plans
- Inspects sites
- Oversees delegated local sedimentation programs and DOT delegation



DEMLR: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Offset portion of Energy Chief's position with receipts = (\$37,483) R
 - Offset portion of GF fund support for university-based energy centers using Petroleum Violation Escrow settlement = (\$417,908) NR
 - Eliminated filled shale gas Rules Review Coordinator – (\$51,027) R
 - Offset GF with cash balance of three special funds = (\$346,560) NR
 - Funded temporary positions to support dam Emergency Action Plan reviews = \$250,000 NR (both years)
 - Provided funding to drill new test holes in shale-bearing basins and associated analyses = \$500,000 NR (for 2015-16)
- 2016-17 Budget
 - None





FISCAL RESEARCH DIVISION
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Energy Office

Energy Office Purpose

Mission: dedicated to ensuring a sustainable energy future for the citizens of North Carolina.

- Geological Survey Section
- Oil and Gas Program
- Energy Program
- Weatherization Assistance Program

32.17 FTE

2017-18 Base Budget

Expenditures: \$ 26.2 M

Receipts: \$ 23.7 M

Net Approp.: \$ 2.7 M

Fund Balance: \$ 0.1 M



Energy Program

- Energy Assurance Program
 - Prepare for energy emergencies
- Utility Savings Initiative
 - Reduce public entities' energy and water consumption
- Technical Assistance
 - Federally funded assistance
 - Energy surveys
 - Strategic energy plan

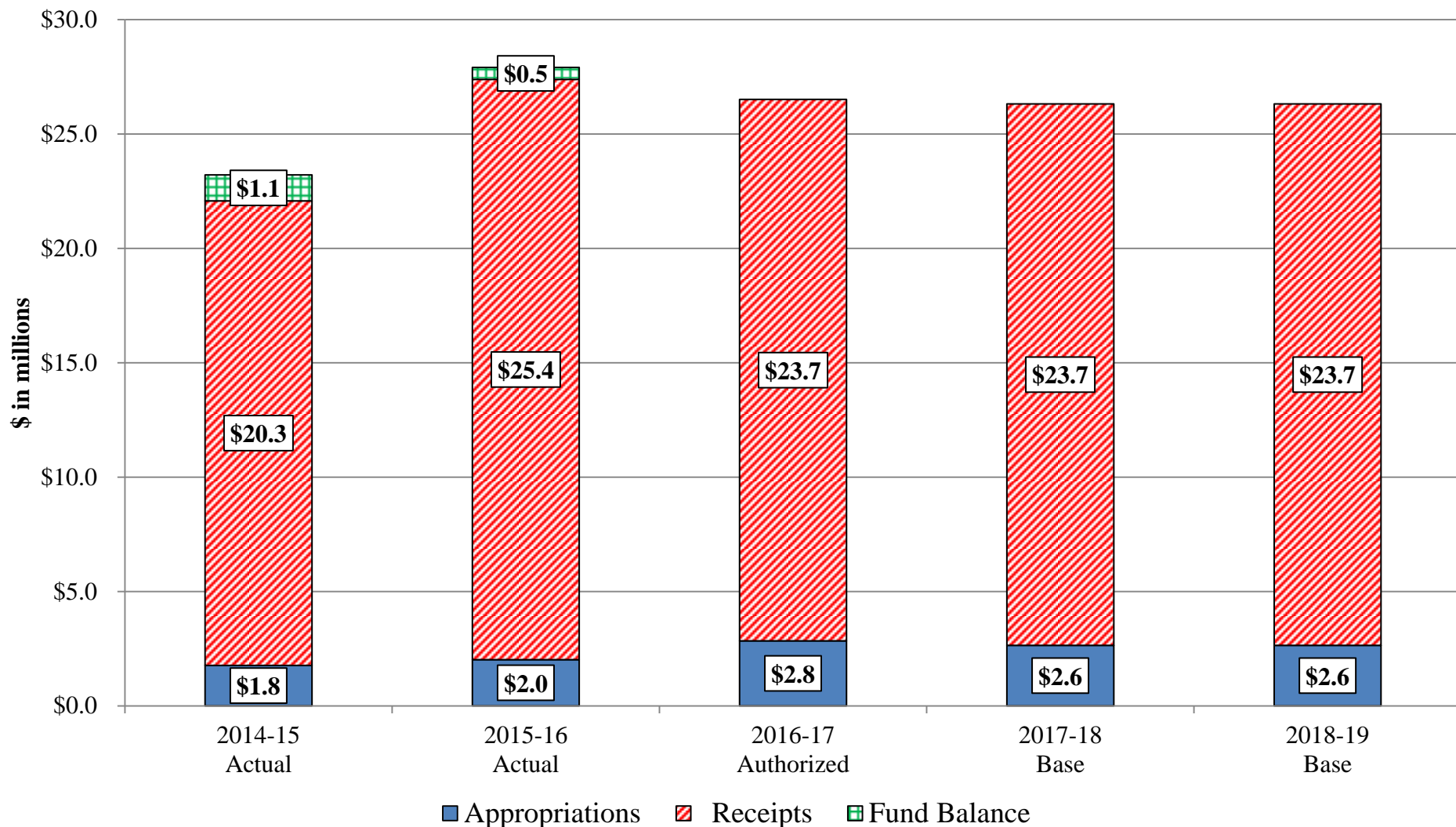


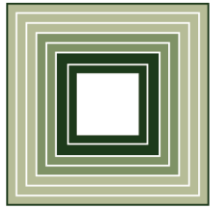
Weatherization Assistance Program

- Educates clients about safety and energy efficiency
- Evaluates single-family dwellings, multi-family dwellings, and mobile homes for safety and energy efficiency
- Tunes, repairs or replaces heating and air systems
- Insulates attics, floors and walls
- Makes minor repairs to homes for health and safety
- Installs smoke and carbon monoxide detectors
- Performs base load and general heat waste measures



Energy Office: 5-Year Expenditures





FISCAL RESEARCH DIVISION

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Division of Waste Management

DWM Purpose

To protect public health and the environment by preventing the release of harmful waste and cleaning up existing contamination

203.67 FTE

2017-18 Base Budget

Expenditures: \$ 20.6 M

Receipts: \$ 16.2 M

Net Approp.: \$ 4.4 M

Programs:

Storage Tanks

Brownfields

Coal Ash

Compost

Disaster Debris

Dry-Cleaning

Petroleum

Scrap Tires

Solid Waste

Superfund

Electronics

Hazardous Waste

Medical Waste

~~Mercury Switch~~

Oil Terminal

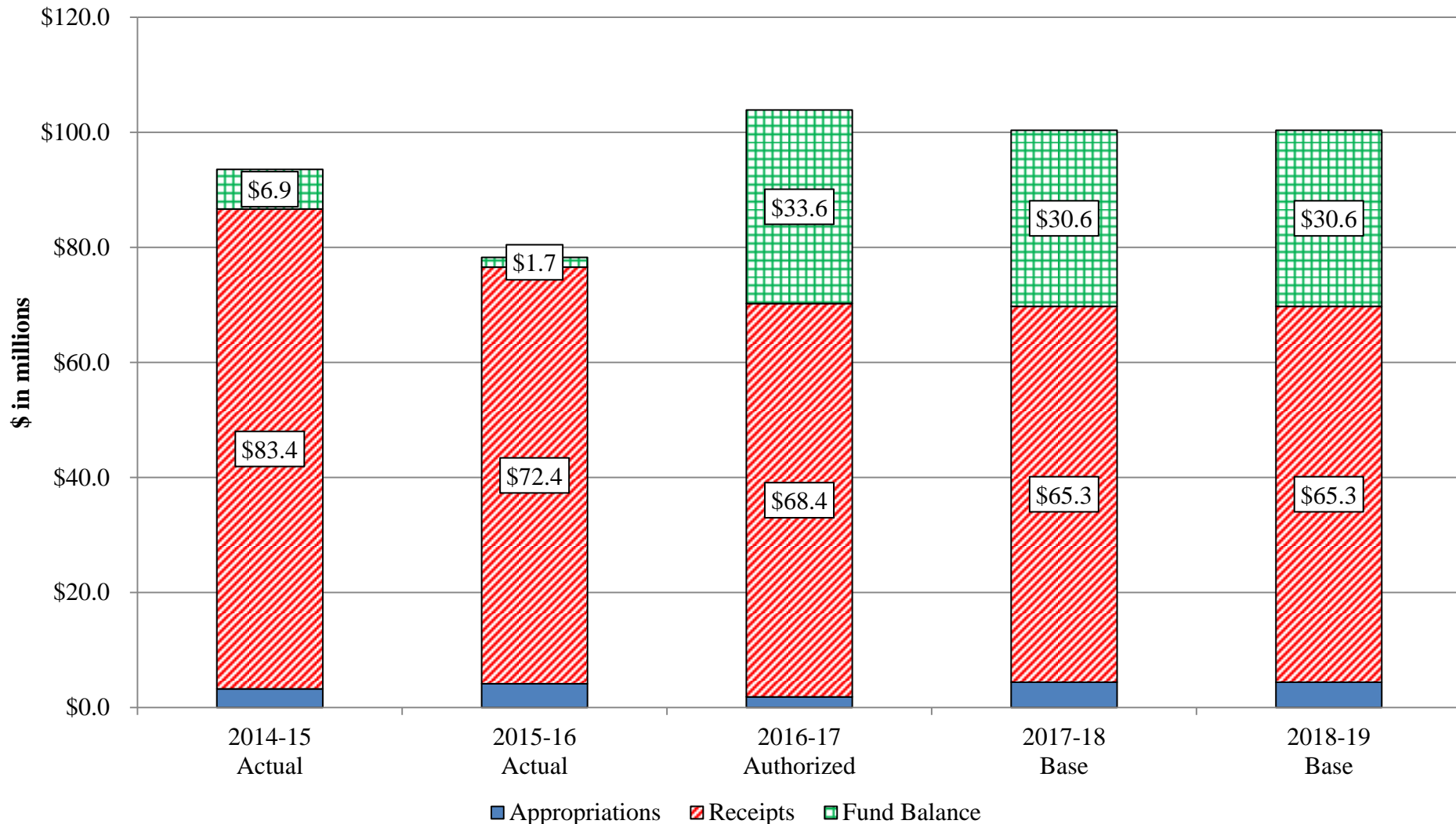


DWM: Storage Tanks

- Leaking Underground Storage Tanks (LUSTs)
- Federal requirements on financial responsibility
- Non-commercial fund eliminated in December
- Commercial fund budgeted at \$52.7M
 - \$16.2M transfers from Highway Fund
 - \$10M tank owner fees
 - \$26.5M from fund balance



DWM: 5-Year Expenditures



DWM: 2015-17 GA Budget Actions

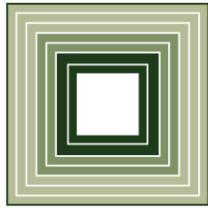
- 2015-17 Biennial Budget

- Eliminated filled Environmental specialist and reduced legal services and communications/data processing lines = (\$282,259) R
- Offset GF reduction with cash balance from UST Soil Permitting special fund = (\$43,595) NR (for 2015-16)
- Increased Noncommercial Leaking Petroleum UST to reduced backlog accrued through June 30, 2015 = \$2,369,428 NR (for 2015-16)
- Eliminated funding for Noncommercial Leaking Petroleum UST for released reported after October 1, 2015 = (\$3,417,105) R
- Partly offset elimination of the transfer of Noncommercial Leaking Petroleum UST to GF = \$1M R

- 2016-17 Budget

- Offset GF reduction with cash balance from Mercury Pollution Prevention Account = (\$2.54M) NR





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Division of Mitigation Services

DMS: Mission

Mission: to provide cost-effective mitigation alternatives that improve the state's water resources through:

- Restoring, enhancing, and protecting the State's wetlands, streams, and riparian buffers
- Offsetting unavoidable environmental damage from transportation infrastructure improvement and other economic development
- Conduct basin-scale planning for mitigation projects to restore historic ecosystem functions
- Oversee private ecosystem restoration projects

24.43 FTE

2017-18 Base Budget

Expenditures:	\$ 3.2 M
Receipts:	\$ 3.2 M
Net Approp.:	\$ 0.0 M
Fund Balance:	\$ 0.0 M



DMS: In-Lieu Fee Programs

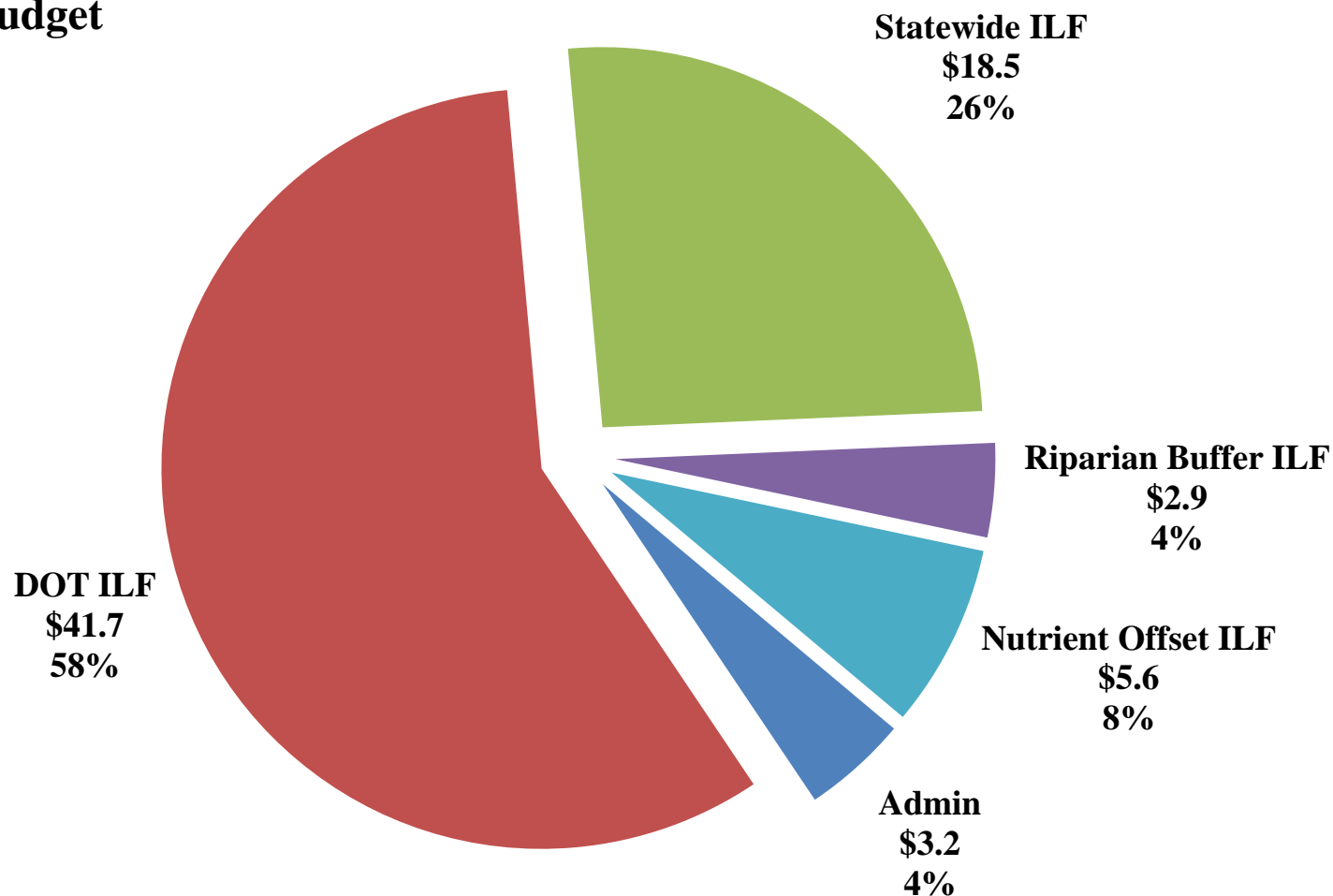
- Purpose
 - Satisfy compensatory mitigation requirements in State and federal law
- Types
 - NCDOT Stream/Wetland
 - Statewide Stream/Wetland
 - Riparian Buffer
 - Nutrient Offset



DMS: Mitigation Expenditures

2017-18 Base Budget

Total: \$71.9M



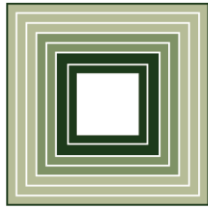
\$ in millions



DMS: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Directed DEQ to petition Army Corps of Engineers for additional mitigation flexibility
- 2016-17 Budget
 - Directed DEQ and DOT to catalog all wetland and stream mitigation credits held by the State





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Division of Water Infrastructure

Division of Water Infrastructure

Provides financial assistance for projects that improve water quality.

Programs fund many types of projects:

- sewer collection and treatment systems
- drinking water distribution systems
- water treatment plants
- storm water management systems
- stream restoration

45.00 FTE

2017-18 Base Budget

Expenditures: \$ 107.06 M

Receipts: \$ 86.67 M

Fund Balance: (\$ 0.11 M)

Net Approp.: \$ 20.28 M

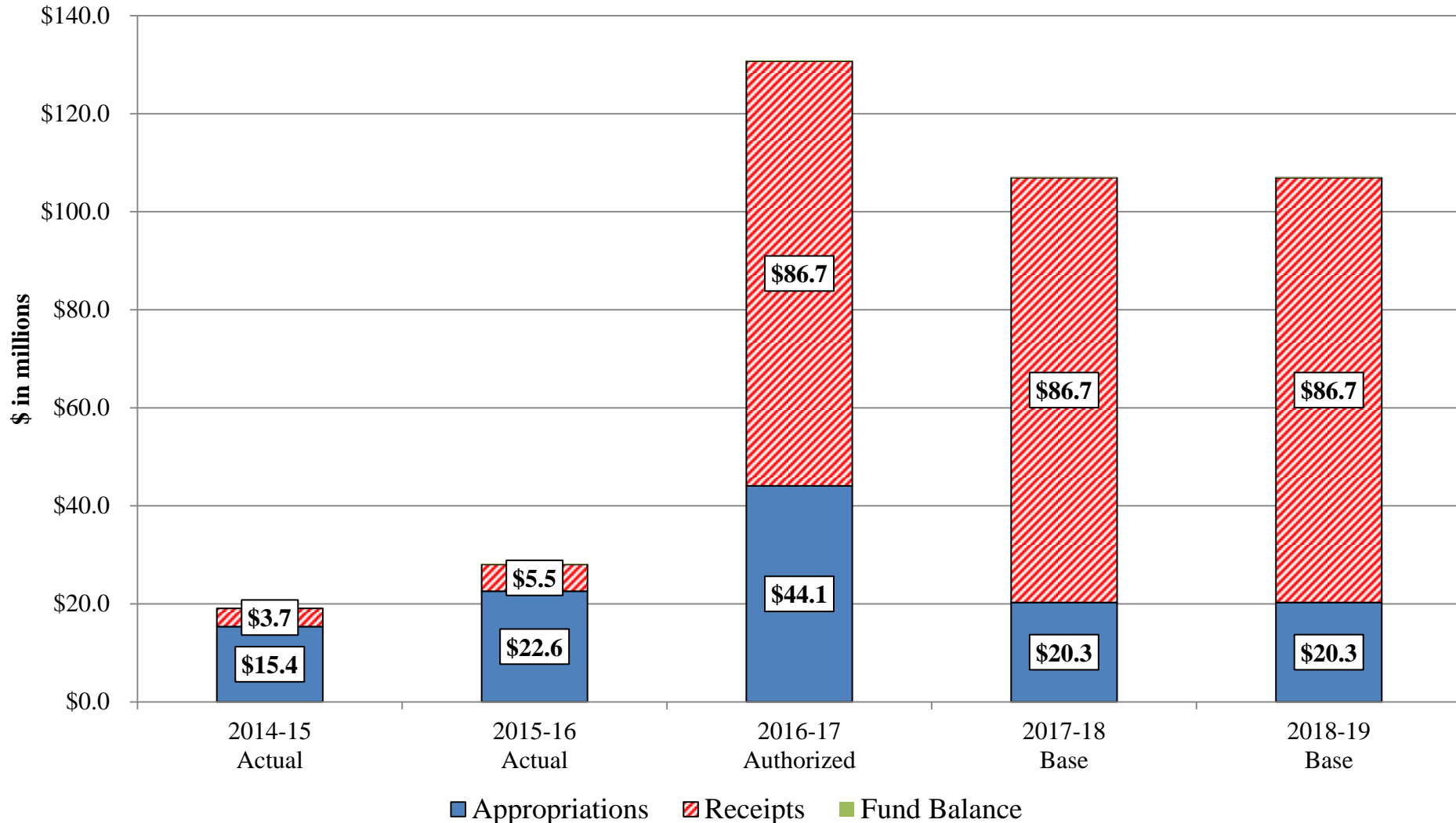


DWI: Major Programs

- Programs
 - Federal - Community Development Block Grant-Infrastructure (CDBG-I)
 - State Revolving Funds (20% State match)
 - State Reserves and Grants
 - Including State Bond
- Awards
 - At least one funding round per year
 - Made by State Water Infrastructure Authority



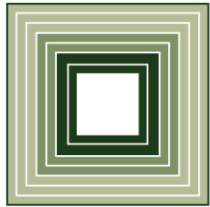
DWI: 5-Year Funding



DWI: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Reduced cell phones = (\$1,592) R
 - Reduced unneeded DWVSRF State match = (\$478,825) R
 - Increased CVVSRF State match = \$100K R
 - Expanded State grant program = \$5M R, \$2.4M NR (2015-16), \$5M NR (2016-17)
 - Made number of modifications to State Water Infrastructure Authority programs
 - Directed DEQ to identify systems that are candidates for interconnect
- 2016-17 Budget
 - Expanded State grant program = \$18,798,981 NR





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Division of Water Resources

DWR Mission

To protect and enhance North Carolina's water and groundwater resources through

- Water Resource Planning
- Pollution Control
- Dredging

366.48 FTE

2017-18 Base Budget

Expenditures: \$ 37.12 M

Receipts: \$ 25.12 M

Net Approp.: \$ 11.99 M



DWR: Water Resource Planning

- Technical assistance to local govts:
 - Water conservation & efficiency
 - Drought response planning
- Statewide drought management & response
- Management of Interbasin Transfer Program
 - Surface water transfers > 2,000,000 gallons / day
- Implementation of Coastal Plain Capacity Use Area
 - Sustainable use of coastal aquifers



DWR: Pollution Control

- Drinking Water
 - Implementation of federal Safe Drinking Water Act
 - Oversight of over 6,300 public water supplies in NC
 - Training and technical assistance to all types of public water systems, public and privately-owned
- Wastewater
 - Implementation of National Pollutant Discharge Elimination System
 - Financial and technical assistance for publicly owned wastewater treatment facilities



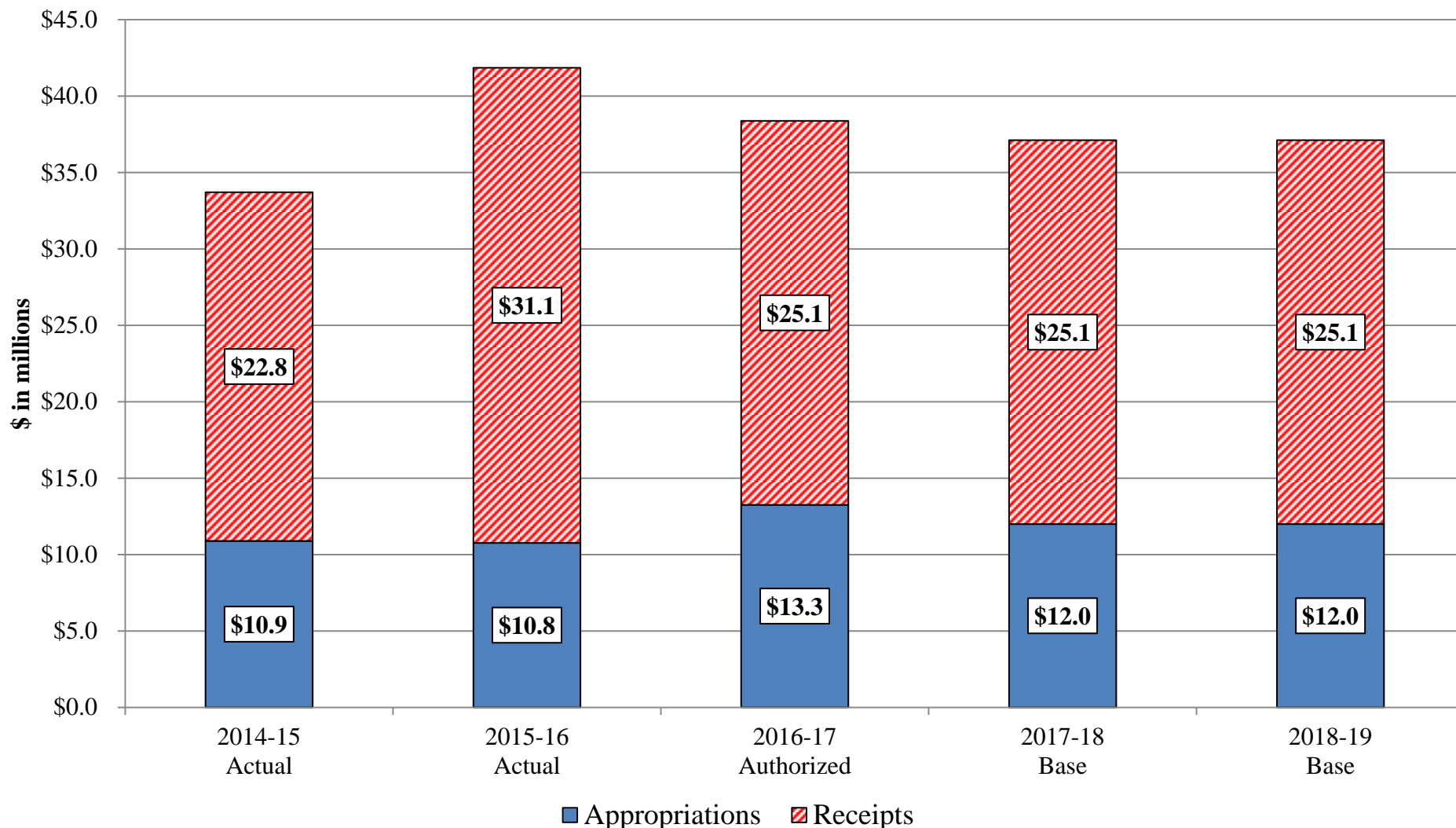
DWR: Dredging

Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund

- Established 2013
- DWR contracts with Army Corps
- Budget - \$23M
 - \$12.5M from motor fuels tax
 - \$5.1M from vessel registrations (VRC)
 - \$2.1M in appropriations



DWR: 5-Year Expenditure

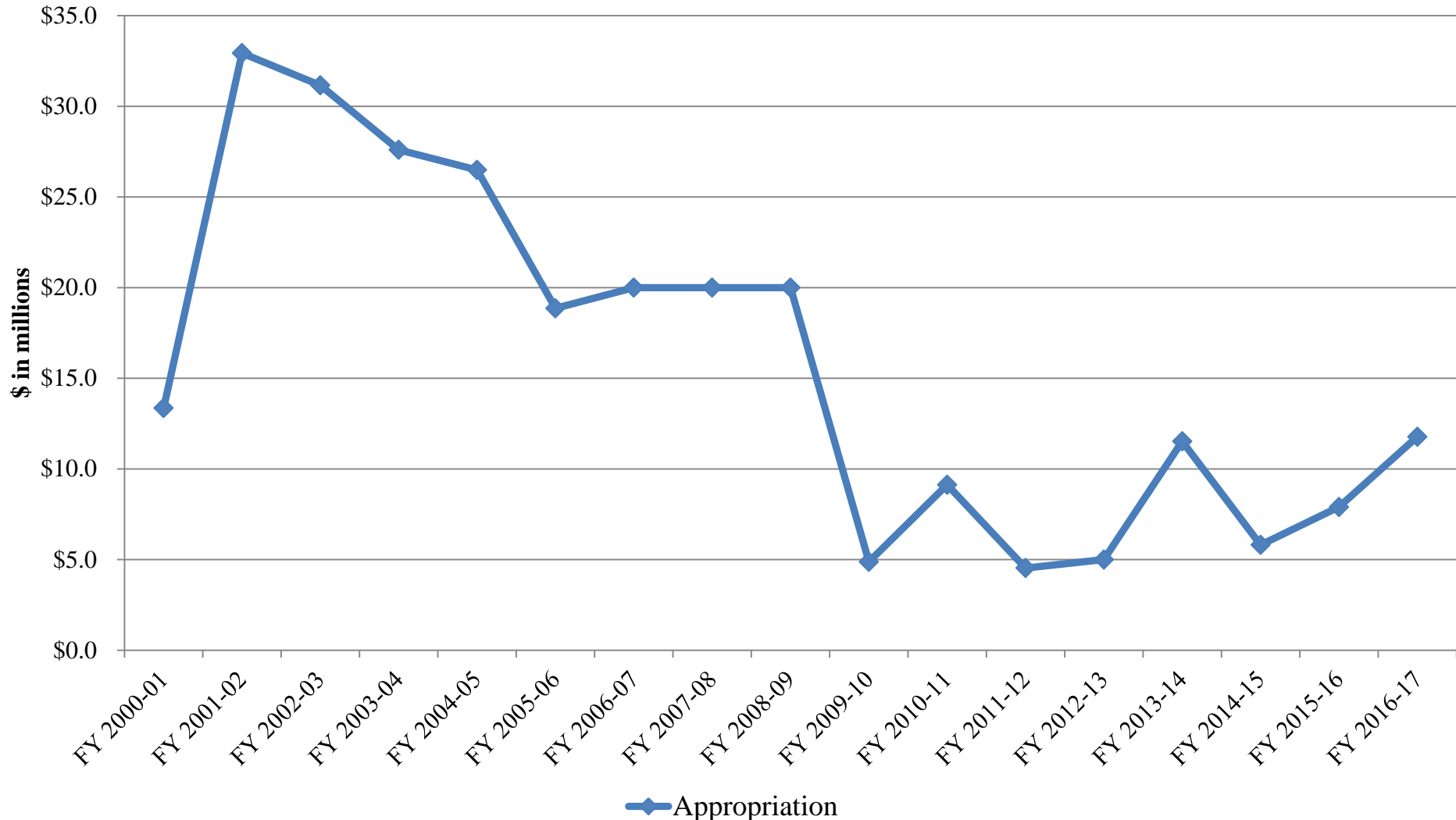


DWR: 2015-17 GA Budget Actions

- 2015-17 Biennial Budget
 - Added appropriations for Shallow Draft Dredging Fund = \$1,579,268 R (2015-16) and \$2,130,357 R (2016-17)
- 2016-17 Budget
 - Provided funds for a study and trial of alternative in-situ water treatment strategies in Jordan and Falls Lakes = \$1.3M NR



Water Resources Development Projects



◆ Appropriation

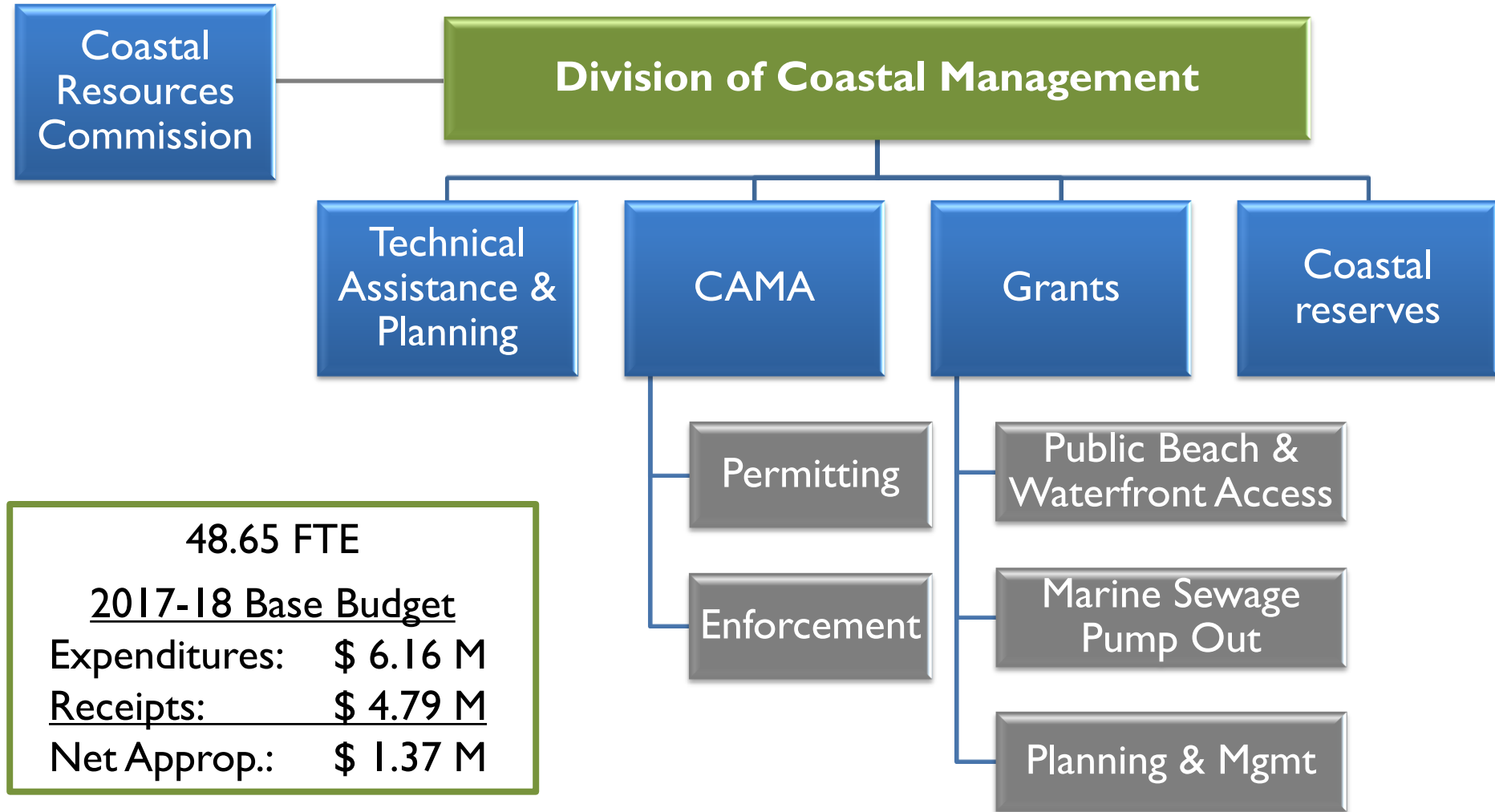




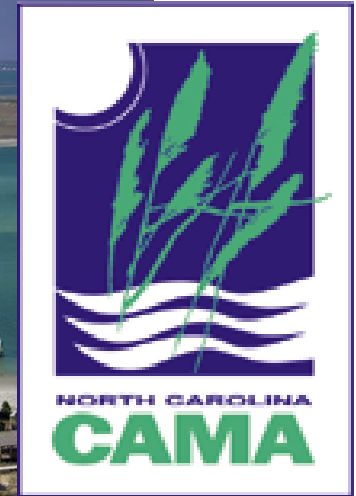
Division of Coastal Management DCM



DCM: What does the division do?



Coastal Area Management Act (CAMA)



- 20 coastal counties
- 3 Types of Permits
- Compliance monitoring & enforcement



Grant Programs

Beach & Waterfront Access

- G.S. 113A-134.2
- 5% of PARTF
- 25% local match required

Uses:

- Beach access, parking
- Boardwalks, restrooms
- Urban waterfront redevelopment

Marine Sewage Pump Out

- Federal Clean Vessel Act
- 25% match required

Uses:

- Install/ renovate pump-out stations

Planning & Mgmt Grants

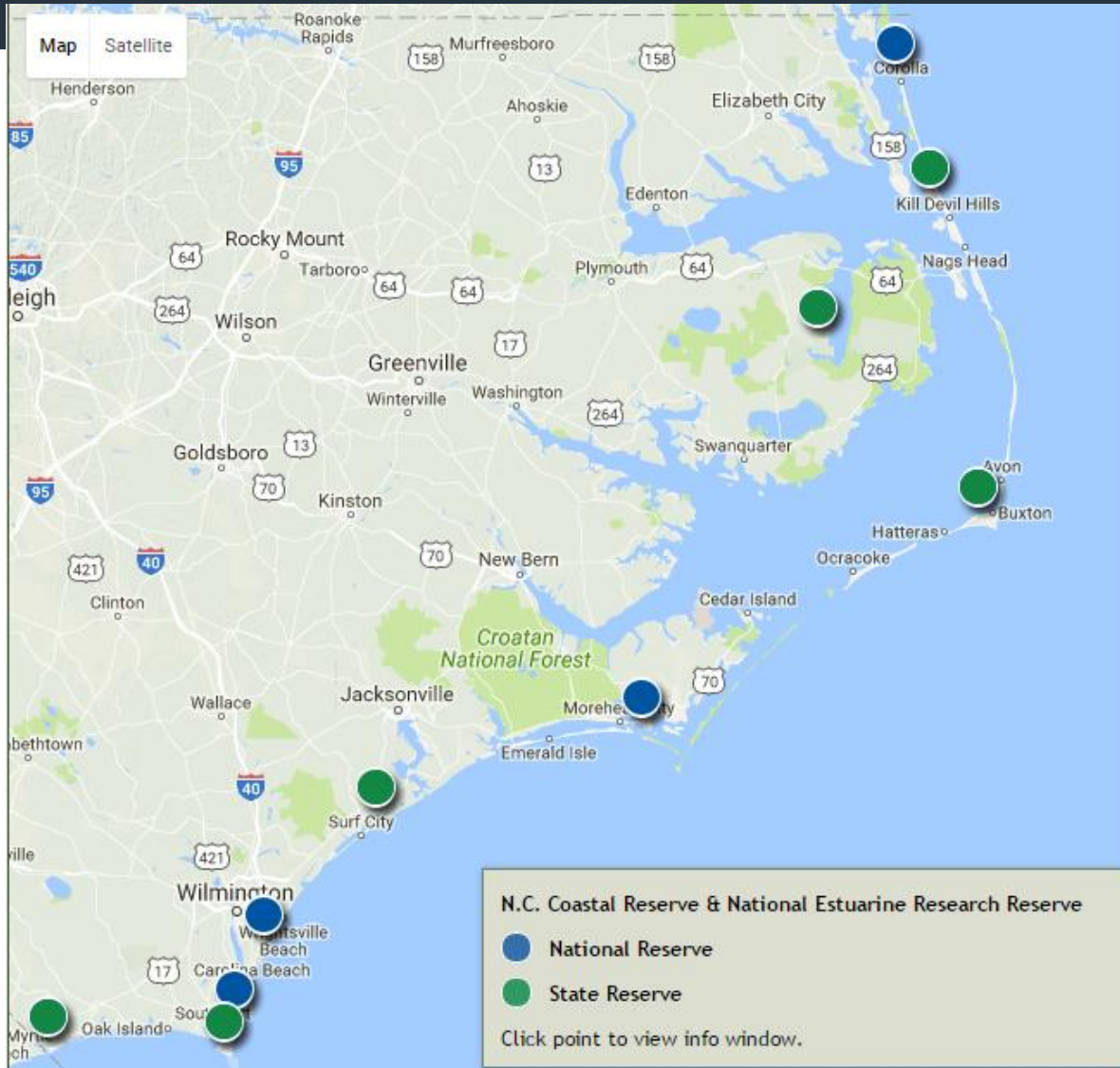
- G.S. 113A-112

Uses:

- CAMA land-use plans
- Implementation projects



Coastal Reserve Program



10 Sites

40,000 acres

Authorized by

G.S. 113A-129.2

Long-term research

Education

Stewardship



Division of Marine Fisheries



FISCAL RESEARCH DIVISION

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Division of Marine Fisheries (DMF)



243 FTE

2017-18 Base Budget

Expenditures: \$ 23.16 M

Receipts: \$ 7.25 M

Net Approp.: \$ 15.91 M



DMF Program Sections

Licenses & Statistics

- License, Permit Issuance
- Statistics & Economic Analysis



Habitat Enhancement & Protection

- Shellfish rehabilitation
 - Oyster sanctuaries

Marine Patrol

- Compliance monitoring
- Inspections



DMF Program Sections

Fisheries Management

- Resource assessment & monitoring
- Fisheries & gear research
- Fisheries Management Plans

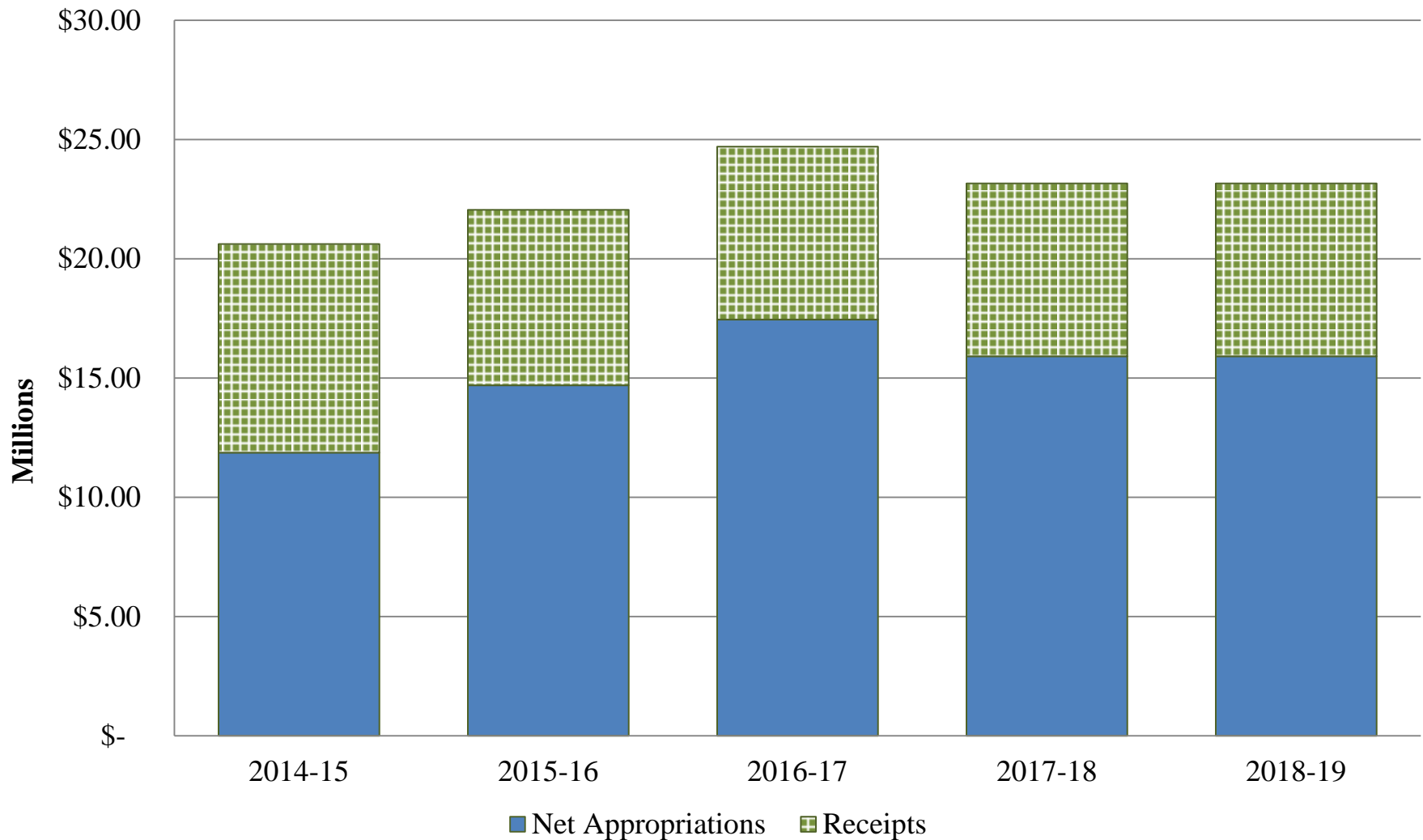


Shellfish Sanitation and Recreational Water Quality

- Monitor water quality
- Inspect processing facilities



DMF Funding History



Recent Legislative Actions

FY 2015-16

- \$50K R for Shellfish Rehabilitation
- \$450K R for Oyster Research & Development with UNC-W

FY 2016-17

- \$1.03M NR + \$200K R for Oyster Sanctuaries
- \$149K R for 2 FTE to support shellfish production & recycling
- \$300K for cultch planting (shellfish rehabilitation)
- \$100K NR for Crab Pot cleanup
- \$150K NR for Marine Patrol equipment



Contact Information

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Divisions of Coastal Management, Marine Fisheries

